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09/522,709

03/10/2000

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EXAMINER

CHANDLER, SARA M

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 09/522,709	Applicant(s) ALVARADO ET AL.	
	Examiner Sara Chandler	Art Unit 3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 30 October 2007.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-3, 17, 19 and 20 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-3, 17 and 19-20 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Response to Amendment

This Office Action is responsive to Applicant's arguments and request for reconsideration of application 09/522,709 (03/10/00) filed on 10/30/07.

Claim Interpretation

1. In determining patentability of an invention over the prior art, all claim limitations have been considered and interpreted as broadly as their terms reasonably allow. See MPEP § 2111.

Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Applicant always has the opportunity to amend the claims during prosecution, and broad interpretation by the examiner reduces the possibility that the claim, once issued, will be interpreted more broadly than is justified. *In re Pruter*, 415 F.2d 1393, 1404-05, 162 USPQ 541, 550-51 (CCPA 1969). See MPEP § 2111.

2. All claim limitations have been considered. Additionally, all words in the claims have been considered in judging the patentability of the claims against the prior art. See MPEP 2106 II C. The following language is interpreted as not further limiting the scope of the claimed invention. See MPEP § 2106 II C.

Language in a method claim that states only the intended use or intended result (e.g., "for _____"), but the expression does not result in a manipulative difference in the steps of the claim. Language in a system claim that states only the intended use or intended result (e.g., "for _____"), but does not result in a

structural difference between the claimed invention and the prior art. In other words, if the prior art structure is capable of performing the intended use, then it meets the claim.

Claim limitations that contain statement(s) such as "*if, may, might, can could*", as optional language. As matter of linguistic precision, optional claim elements do not narrow claim limitations, since they can always be omitted.

Claim limitations that contain statement(s) such as "*wherein, whereby*", that fail to further define the steps or acts to be performed in method claims or the discrete physical structure required of system claims.

USPTO personnel should begin claim analysis by identifying and evaluating each claim limitation. For processes, the claim limitations will define steps or acts to be performed. For products, the claim limitations will define discrete physical structures or materials. Product claims are claims that are directed to either machines, manufactures or compositions of matter. See MPEP § 2106 II C.

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. The following are examples of language that may raise a question as to the limiting effect of the language in a claim:

- (A) statements of intended use or field of use,
- (B) "adapted to" or "adapted for" clauses,
- (C) "wherein" clauses, or
- (D) "whereby" clauses.

See MPEP § 2106 II C.

3. Independent claims are examined together, since they are not patentable distinct. If applicant expressly states on the record that two or more independent and distinct

inventions are claimed in a single application, the Examiner may require the applicant to elect an invention to which the claims will be restricted.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-3, 17 and 19-20 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter.

Claims 1, 17 and 19 do not produce a “useful, concrete and tangible” result in the “Method/computer-readable medium bearing instructions/system for managing risk in a market related to a commodity delivered over a network”. It is unclear how the present application manages risk as recited in the preamble or achieves some other result desired. It is unclear what the effect of reducing the congestion prices would be and whether that reduction will manage the risk in the market.

The results of applicant’s invention in arriving at a probable success factor is clearly not the same results found in *State Street Bank & Trust Co. V. Signature Financial group, Inc.*, 149 F 3d 1371; 47 USPQ 2d 1599 decided by the U.S. Courts of Appeals. “Today we hold the transformation of data representing discrete dollar amounts by a machine through a series of mathematical calculations into a final share price constitutes a practical application of a mathematical algorithm, formula or calculation because it produces a useful, concrete and tangible result, a final share

price momentarily fixed for recording and reporting purposes”.

Therefore, the present invention is nothing more than generalizations regarding the various factors to be taken into consideration, and it is short on any particular or specific direction or guidance in achieving the desired results and in providing a concrete result. Consequently, the claims are analyzed based upon the underlying process and thus rejected as being directed to a non-statutory process.

Dependent claims 2,3 and 20 are rejected based on the same rationale.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-3,17 and 19-20 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Re Claims 1, 17: The preamble of the claims recites, “a method of using a computer for/a computer-readable medium bearing instructions for managing risk in a market related to a commodity delivered over a network” however, this is not accomplished;

The claims recite the “a combination of price risk instruments” however, the context for this combination is not defined;

The claims recite “in a proportion”. In proportion to what?;

The claims recite "to cause the eventual locational prices to be interlocked such that an effect of the congestion prices for the congestible lines on the locational prices of the commodity is reduced." This is a statement of the intended use/intended result and is not given patentable weight.

Claim 1,17 recites the limitation "the amounts of each of the price risk instruments". There is insufficient antecedent basis for this limitation in the claim.

Also, as presently drafted the phrase means each instrument has a plurality of amounts. It is unclear what amount is. Amount of what?

Re Claim 2: Claim 2 recites the limitation "the relative impact". Claim 2 recites the limitation "the risk of each of future positions". There is insufficient antecedent basis for these limitations in the claim. Also, how the values for the relative impact is obtained and what the standard used to obtain the values is unknown? Also, with respect to the risk. Should "of each of future positions" be – the portfolio of future positions -- ? Where does one retrieve the risk or calculate the risk?

What is the relationship between the congestion events and the tradable network locations? What "with respect to" means is unclear.

The claim has introduced a new term "congestion events". What the term refers to and the relationship of the corresponding claim steps to the steps performed in independent claim 1 is unknown.

The claim recites "would result in a loss for the portfolio" and "would result in the lowest risk." These are statements of the intended use/intended result and is not given patentable weight.

Re Claim 19: Claim 19 is rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential structural cooperative relationships of elements, such omission amounting to a gap between the necessary structural connections. See MPEP § 2172.01. The omitted structural cooperative relationships are: The claim recites a system but, lacks structure and does not have functionality. What the portfolio comprises amounts to nonfunctional data because the system does not play a role. What are the specific features of the system that can generate the claimed portfolio?

Re Claim 20: Claim 20 recites the limitation "congestible lines". There is insufficient antecedent basis for this limitation in the claim.; Claim 20 recites the limitation "a number of the price risk instruments is greater than a number of the at least some congestible lines". The meaning of the limitation is unclear, "a number of....." could be anything thus what is meant is unclear, "at least some" is unclear because "some" is a relative term and its meaning is not definite and "at least" does not help to clarify the meaning.

Dependent claims 2,3 and 20 are rejected based on the same rationale as the claims from which they depend.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1-3, 17 and 19-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over

"Statistical Thinking for Managers," Fourth Edition, by Hildebrand and Ott. Copyright 1998 by Brooks/Cole Publishing Company. Pgs 556 – 604, 709 (hereinafter Hildebrand et. al.) in view of,

"Pricing Scarce Transmission In a Bilateral Market," by Steven Stoft, January 31, 1998. (hereinafter Stoft);

"Investments," Third Edition, by Bodie, Kane and Marcus. Copyright 1989 by The McGraw-Hill Companies, Inc. Pgs. 697-701, 810-830, G6 (hereinafter Bodie et.al.); and

"Primer on Electricity Futures and Other Derivatives," by S. Stoft, T. Belden, C. Goldman, and S. Pickle, January 1998. (hereinafter S.Stoft et. al.).

Re Claims 1-3, 17: Hildebrand discloses, linear modeling techniques such as:

$$Y = B^0 + B^1X^1 + B^2X^2$$

Y = dependent variable

B^0 = intercept

B^1 , B^2 = coefficients, represents predicted Δ in each respective dependent variable, holding other independent predictor variables constant, for one unit change in the respective independent variables.

X^1 , X^2 = independent predictor variables (Hildebrand, pgs 556 – 604, 709)

(Examiner notes: The Hildebrand disclosure is representative of knowledge old in well-known to one of ordinary skill in fields including mathematics, statistics and business at the time of the invention. As Hildebrand suggests, Every manager faces situations in which changes or variations in something need to be understood and predicted and in which many plausible indicators point to the predicted change." Hildebrand, pg. 556. The use of models help to address this problem.)

Hildebrand fails to explicitly disclose:

modeling locational prices of the commodity in the market as a linear combination of congestion prices for congestible lines in the network; and
producing a combination of price risk instruments for the market in which the amounts of each of the price risk instruments are proportioned to cause the eventual locational prices to be interlocked such that an effect of the congestion prices for the congestible lines on the locational prices of the commodity is reduced.

Stoft discloses:

the computation of congestion prices for congestible lines in the network;

and suggests that congestion prices can be used to compute locational prices since the congestion prices for congestible lines in the network are predictors of the scarce transmission resources that would be required at different locations (Stoft, pgs. 1-8).

In other words, the locational prices and/or their associated risk, volatility (i.e., dependent variable) can be predicted by using a model that incorporates the combination of congestion prices for congestible lines in the network (i.e., independent predictor variables).

Bodie et. al. discloses, hedging strategies such as:

taking a position in a financial instrument or instruments (e.g., derivatives such as futures) that is opposite to, or offsets the exposure caused by the original position held so as to minimize risk and exposure. (Bodie et. al., pgs. 697-701, 810-830, G6).

(Examiner notes: The Bodie disclosure is representative of knowledge old and well-known to one of ordinary skill in the art in fields such as business where there is a desire to use hedging strategies to reduce or eliminate risk associated with price volatility, interest rates changes, inflation etc.)

S. Stoft et. al. discloses:

producing a combination of price risk instruments for the market in which the amounts of each of the price risk instruments are proportioned to cause the eventual locational prices to be interlocked such that an effect of the congestion prices for the congestible lines on the locational prices of the commodity is reduced.

(S.Stoft et. al., pgs. ix,xv, 1-44, particularly pgs ix, 1,14-15,20-22,24-25,29), and

wherein these sorts of hedging decisions used to eliminate or reduce exposure are made using computer models (S.Stoft et. al., pgs. ix,xv, 1-44, particularly pgs ix, 1,14-15,20-22,24-25,29).

In other words, the position held in a combination of price risk instruments (i.e., the financial instrument or instruments used in the hedging strategy) can be used such that the effect of the congestion prices for the congestible lines on the locational prices of the commodity are reduced (i.e., reducing or eliminating the risk or exposure caused by the original position held).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to combine the teachings of Hildebrand et.al., Stoft, Bodie et. al. and S.Stoft et. al. to provide a method of using a computer for managing risk in a market related to a commodity delivered over a network comprised of tradable network locations, comprising the steps of: modeling locational prices of the commodity in the market as a linear combination of congestion prices for congestible lines in the network; and producing a combination of price risk instruments for the market in which the amounts of each of the price risk instruments are proportioned to cause the eventual locational prices to be interlocked such that an effect of the congestion prices for the congestible lines on the locational prices of the commodity is reduced.

As suggested by S.Stoft et. al. increased competition for commodities (i.e., such as power and electricity) will lead to greater price volatility, and price risk instruments (i.e., such as derivatives) can help market participants manage or hedge these prices risks (S.Stoft et. al. pgs. ix,1).

Re Claims 19-20: Hildebrand discloses, linear modeling techniques and where these techniques can be used to understand and predict the position held by participants in a market. (Hildebrand, pgs 556 – 604, 709) (see also the discussion *supra* for claims 1-3 and 17).

Hildebrand fails to explicitly disclose:

a computer-based system configured to generate a portfolio having a plurality of price risk instruments;

the portfolio comprising:

the a plurality of price risk instruments for a market related to a commodity delivered over a network,

wherein the price risk instruments y are proportioned such that $z'A - y'P'A = 0$,

A represents distribution factors describing the physics of power flows in the network, P represents the available market of price instruments, z represents a market participant's underlying position in the market at a prospective time T ,

and

primes denote transpositions.

Stoft discloses:

a market related to a commodity delivered over a network (Stoft, pgs. 1-8, particularly pgs. 1-3)

including $z'A$ where A represents distribution factors describing the physics of power flows in the network, and z represents a market participant's underlying position in the

market at a prospective time T , and wherein primes denote transpositions (Stoft, pgs. 1-8, particularly pgs. 1-3).

In other words, the position held by participants in a commodities market and the exposure associated with it are not only associated with the price but, also the distribution factors.

Bodie et. al. discloses, hedging strategies that can reduce or eliminate exposure (Bodie et. al., pgs. 697-701, 810-830, G6). (see also the discussion supra for claims 1-3 and 17).

S.Stoft et. al. discloses:

a computer-based system configured to generate a portfolio having a plurality of price risk instruments (S.Stoft et. al., pgs. ix,xv, 1-44, particularly pgs ix, 1,14-15,20-22,24-25,29);

the portfolio comprising:

the a plurality of price risk instruments for a market related to a commodity delivered over a network (S.Stoft et. al., pgs. ix,xv, 1-44, particularly pgs ix, 1,14-15,20-22,24-25,29),

wherein the price risk instruments y are proportioned such that $z'A - y'P'A = 0$,

A represents distribution factors describing the physics of power flows in the network, P represents the available market of price instruments, z represents a market participant's underlying position in the market at a prospective time T , and primes denote transpositions (S.Stoft et. al., pgs. ix,xv, 1-44, particularly pgs ix, 1,14-15,20-22,24-25,29).

In other words, the position held in the price risk instruments and the associated distribution factors (i.e., the financial instrument or instruments used in the hedging strategy) eliminates or offsets the exposure associated with the positions originally held by participants in the commodities market and the associated distribution factors.

It would have been obvious to one of ordinary skill in art at the time the invention was made to combine the teachings of Hildebrand et.al., Stoft, Bodie et. al. and S.Stoft et. al. to provide a portfolio generating system and portfolio comprising: a computer-based system configured to generate a portfolio having a plurality of price risk instruments; the portfolio comprising: the a plurality of price risk instruments for a market related to a commodity delivered over a network, wherein the price risk instruments y are proportioned such that $z'A - y'P'A = 0$, A represents distribution factors describing the physics of power flows in the network, P represents the available market of price instruments, z represents a market participant's underlying position in the market at a prospective time T , and primes denote transpositions.

As suggested by S.Stoft et. al. increased competition for commodities (i.e., such as power and electricity) will lead to greater price volatility, and price risk instruments (i.e., such as derivatives) can help market participants manage or hedge these prices risks (S.Stoft et. al. pgs. ix,1).

Note: Claims 1-3,17 and 19-20 have been given their broadest reasonable interpretation consistent with MPEP §2111. Commodity- is any article of trade or commerce. Hedging is an investment strategy used to reduce or cancel out the risk in another investment. Price Risk Instrument- is any real or virtual document/instrument

representing a legal agreement involving some sort of monetary value wherein the document/instrument may be used to "hedge" the volatility or risk associated with prices. Derivatives (e.g., futures, forwards, options, swaps) are an example of financial instruments that are also price risk instruments.

Response to Arguments/Remarks

112 Rejection, Claim Breadth

Applicant's arguments have been fully considered but they are not persuasive.

1. The claimed invention is subject to broad interpretation. See MPEP § 2111.

For example, the claimed invention does not have any requirements regarding what person, entity or apparatus is doing the modeling. You may wish to answer the question who is doing the modeling? Currently, it could be anything or anyone (e.g., intermediary/moderator; participant).

For example, what the locational prices are has not been defined or limited with respect to the claimed invention. The location(s) could be anywhere (.e.g, Are the locations at the site of the congested areas? Are the locations at the site of participants? All locations anywhere? Something else?).

For example, terms such as "price instruments" can have broad meaning (e.g., insurance).

If a specific meaning is intended, the term should be defined in every single independent claim.

2. The invention is not positively claimed. See MPEP § 2106 II C; § 2173.05(d).

Method claims are defined by the steps or acts that they perform. Currently, the steps or acts associated with the method and computer readable medium claims are not positively recited. In other words, the claims are recited in a manner that does not make the associated language (e.g., "to cause", "to be", "such that", "would result") and following limitations required features of the claimed invention. The language is merely intended use/results recitations.

For example, Claims 1 and 17 recite, "producing a combination of price risk instruments for the market in which the amounts of each of the price risk instruments are proportioned to cause the eventual locational prices to be interlocked such that an effect of the congestion prices for the congestible lines on the locational prices of the commodity is reduced."

By way of example only and not as suggested claim language, applicant could use positively and actively steps and make sure the steps show their relationship to one another.

e.g.,

producing a combination of price risk instruments for the market in which the amounts of each of the price risk instruments are proportioned.....;

interlocking the eventual locational prices.....

reducing an effect of the congestion prices for the congestible lines on the locational prices of the commodity... "

System claims are defined by its structural elements and the interrelationship of these elements.

The system claimed (i.e., portfolio generating system) has one structural element (i.e., a computer based system). What the computer based system is, what it comprises, and what the interrelationship is between this structural element and other required elements of the invention is unknown. The portfolio is not a structure. The portfolio may represent some abstract value, or nonfunctional descriptive material but, it is not structure.

Applicant may wish to remove reference to the "and portfolio" reference in the preamble. All the elements of the system should be included within the system. As such the and makes the portfolio appear to be some unknown element or statutory class appearing outside the scope of the claimed system.

Applicant may wish to look to the specification (e.g., Fig. 4 for the required structural elements of the system, these structural elements should work together to carry out an invention analogous to the one recited in the independent method, computer readable medium claims).

3. Indefinite or unclear terms. See MPEP § 2171.

The term congestion price has never been defined, obtained nor calculated. How can the claim deal with a value (i.e., congestion price) that has never been defined or provided. In other words, before the congestion prices could be combined, they had to exist previously. Are the congestion prices calculated values? Are the congestion prices real-time market prices? Applicant should review the steps/elements involved in the "modeling" and place them in all independent claims.

Similarly, as discussed supra, claim terms that have not been defined or otherwise limited in scope are subject to broad interpretation. For example, as discussed supra the locations can refer to locations with congested lines and locations without congested lines. The invention fails to describe with any specificity how a linear combination of congestion prices can be applied to a model for all locations including those with no congestion.

See rejection supra describing awkward language, 112 issues etc.

101

Applicant's arguments have been fully considered but they are not persuasive.

Due to the deficiencies described supra, the claimed invention is non-statutory. In other words, a useful, concrete and tangible result cannot be guaranteed. As noted supra, all three prongs are required under 101. That is, the result must be useful and concrete and tangible. See MPEP § 2106.

The claimed invention is not "concrete" because it is not predictable or repeatable. As noted supra, the invention is claimed in such a way that applicants alleged result is nothing more than an intended use/result but, having the "intent" to do something does not mean that it will occur or that it is required to occur. Thus, the claimed invention is not "concrete" because the results cannot be guaranteed.

The claimed invention is not "tangible" because it is abstract. The claimed method/computer readable medium allegedly models locational prices. The "model" fails to identify what the inputs are (e.g., congestion prices?), the process steps associated with the inputs, how these inputs generate outputs/results etc. Similarly,

"the producing a combination of price risk instruments" fails to describe the process involved in producing the instruments that serve as a hedge. The alleged steps are generalizations that fail to describe a process that can be used to carry out a real world result. The claimed system for carrying out the claimed invention only has one structural element that fails to do anything and fails to operate in conjunction with any other structural elements. The portfolio referred to in the system claim is nothing more than nonfunctional descriptive material that adds nothing to the structure of the claimed system. See MPEP § 2106.01, II.

103

Applicant's arguments have been fully considered but they are not persuasive.

Re claims 1,17: As noted supra, the phrase "to cause the eventual locational prices to be interlocked such that an effect of the congestion prices for the congestible lines on the locational prices of the commodity is reduced." are not required features of the claimed invention.

Re Claim 19: As noted supra, the attributes of the portfolio do not constitute a structural element of the claim system. What the portfolio comprises is recited as nonfunctional descriptive material and is not a required feature of the claimed invention.

Analogous Art: It has been held that a prior art reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the applicant was concerned, in order to be relied upon as a basis for rejection of the claimed invention. See *In re Oetiker*, 977 F.2d 1443, 24 USPQ2d 1443 (Fed. Cir. 1992).

As noted supra, the Hildebrand and Ott references are related to the problem to be solved and illustrate principles that would have been obvious to one of ordinary skill in the art.

The Hildebrand disclosure is representative of knowledge old in well-known to one of ordinary skill in fields including mathematics, statistics and business at the time of the invention. As Hildebrand suggests, Every manager faces situations in which changes or variations in something need to be understood and predicted and in which many plausible indicators point to the predicted change." Hildebrand, pg. 556. The use of models help to address this problem.

The Bodie disclosure is representative of knowledge old and well-known to one of ordinary skill in the art in fields such as business where there is a desire to use hedging strategies to reduce or eliminate risk associated with price volatility, interest rates changes, inflation etc

As noted supra, Stoft and S.Stoft are in applicant's field of endeavor and are pertinent to the problem to be solved.

Stoft teaches that the position held by participants in a commodities market and the exposure associated with it are not only associated with the price but, also the distribution factors.

S.Stoft teaches that the position held in a combination of price risk instruments (i.e., the financial instrument or instruments used in the hedging strategy) can be used such that the effect of the congestion prices for the congestible lines on the locational

prices of the commodity are reduced (i.e., reducing or eliminating the risk or exposure caused by the original position held).

In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., It is also alleged that claim 19 is incomplete for omitting essential structural cooperative relationships of elements because the claim does not have structure or functionality. The specification clearly points out how a computer is used to calculate the variables x, y, P and A that are part of determining the price risk.....), are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

See rejection and citations supra.

Also note, please indicate where support may be found in the specification for claim amendments to help avoid a new matter rejection. Also, note those features which applicant considers to be novel should be incorporated in every single independent claim. If further guidance is needed applicant should request an interview with the examiner and a primary examiner prior to submitting the next office action.

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sara Chandler whose telephone number is 571-272-1186. The examiner can normally be reached on 8-4:30.

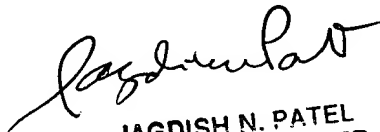
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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SMC


JAGDISH N. PATEL
PRIMARY EXAMINER